

Message Text

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TAGS: GATT, EEC

SUBJECT: GATT STUDY ON INTERNATIONAL TRADE IN A
CHANGING WORLD

REF: STATE 238416

1. GATT SECRETARIAT (JAN TUMLIR) GAVE US A SYNOPSIS OF THE PLANNED GATT STUDY ON INTERNATIONAL TRADE IN A CHANGING WORLD (PARA 2 REFTEL). ACCORDING TO TUMLIR THIS PUBLICATION, SCHEDULED TO BE RELEASED PRIOR TO THE FALL SESSION OF THE CONTRACTING PARTIES, REPRESENTS A REVIVAL OF THE GATT STUDIES IN INTERNATIONAL TRADE THAT WERE PUBLISHED IN THE EARLY 1970'S. THIS NEW SERIES, HOWEVER, WILL BE PUBLISHED UNDER THE NAMES OF THE INDIVIDUAL RESEARCHERS WITH THE GATT ADDING A DISCLAIMER THAT STUDIES DO NOT NECESSARILY REPRESENT THE VIEWS OF GATT.

2. THE AFOREMENTIONED STUDY WILL BE DIVIDED INTO THREE
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BASIC PARTS. THE FIRST, INTERDEPENDENCE IN WORLD TRADE, WILL DISCUSS THE THEORETICAL ASPECTS OF INTERDEPENDENCE AND HOW IT CAN BE MEASURED. THE BASIC THRUST OF THIS CHAPTER WILL BE TO DEMONSTRATE THAT IMPORTS MAKE UP AN INCREASING SHARE OF MATERIALS DESTINED FOR EXPORT PRODUCTION. THEREFORE, RESTRAINTS ON IMPORTS HAVE ADDITIONAL REPERCUSSIONS ON EXPORT TRADE.

3. THE SECOND CHAPTER WILL BE CONCERNED WITH THE THEORETICAL ASPECTS OF TRADE LIBERALIZATION AND WILL, IN GENERAL, SUPPORT THE STANDARD ARGUMENTS FOR LIBERALIZING TRADE.

4. THE THIRD SECTION, AND THE ONE WHICH HAS CAUSED SOME PRESS COMMENT, IS CONCERNED WITH PROTECTIONISM. AS IN THE PREVIOUS CHAPTERS THIS SECTION WILL PRESENT A THEORETICAL LOOK AT PROTECTIONISM AND WILL FOLLOW THE GENERAL THRUST OF THE DOCUMENT PRESENTED TO THE CG-18, THAT IS, THAT PROTECTIONISM IS NOT ONLY A RESULT OF ECONOMIC RECESSION BUT IS ALSO A CAUSE OF IT BECAUSE OF ITS EFFECT ON CAPITAL SPENDING. IT IS IN THIS SECTION THAT THE GATT HAS ATTEMPTED TO MAKE SOME STATISTICAL ESTIMATES OF THE INCREASE IN TRADE THAT IS PROTECTED BY MEANS OTHER THAN TARIFF PROTECTION. TUMLIR CAUTIONS THAT THIS MATERIAL MAY NOT APPEAR IN THE FINAL DOCUMENT AS THERE IS SOME SENTIMENT FOR DELETING STATISTICAL EXAMPLES. HE ALSO EMPHASIZES ITS IMPRECISION AS HIS STAFF HAD TO USE ITS BEST JUDGMENT AND AVAILABLE SOURCES, AND THAT THE CHANGES IN PERCENTAGE OF TRADE UNDER RESTRAINTS ARE MISLEADING BECAUSE AS RESTRAINTS BECOME MORE EFFECTIVE THE PERCENTAGE SHARE IN RESTRAINED PRODUCTS TENDS TO DECREASE AS A SHARE OF TOTAL TRADE. THUS THE FIGURES SHOWN IN THE DOCUMENT MAY UNDERSTATE THE LIMITED OFFICIAL USE

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RESTRICTIVE EFFECT OF SUCH RESTRAINTS. ACCORDING TO TUMLIR'S DATA, THE PERCENTAGE OF TRADE SUBJECT TO BARRIERS OTHER THAN TARIFFS HAS INCREASED FROM 25 PERCENT IN 1960 TO 35 PERCENT IN 1974 AND TO 40 PERCENT IN 1976. THE INCREASE IN THE SHARE OF "NON-LIBERAL" TRADE SINCE 1974 IS PARTICULARLY SIGNIFICANT HE BELIEVES. A COPY OF A STATISTICAL TABLE GIVEN US IN CONFIDENCE HAS BEEN POUCHED TO STATE (SLATTERY).

5. TUMLIR HOPES TO PUBLISH THIS STUDY PRIOR TO THE CP SESSION NOVEMBER 29. IF PUBLISHING SCHEDULES DO NOT PERMIT, HE INTENDS TO DISTRIBUTE MIMEOGRAPHED COPIES TO THE CPS PRIOR TO THE SESSION. VANDEN HEUVEL

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